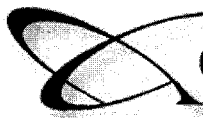


ORIGINAL



NEW APPLICATION  
CROCKER & CROCKER

ATTORNEYS AT LAW

RECEIVED



0000147200

PATRICK D. CROCKER  
[patrick@crockerlawfirm.com](mailto:patrick@crockerlawfirm.com)

2013 AUG - 7 P 4:11

AZ CORP COMMISSION  
DOCKET CONTROL

August 6, 2013

Brian McNeil, Executive Secretary  
Telecommunications Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

RE: BCN TELECOM, INC.

T-04057A-13-0270

Dear Mr. McNeil:

Enclosed for filing with the Commission, please find an original and thirteen (13) copies of the above captioned corporation's APPLICATION AND PETITION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD AND FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES within the State of Arizona.

In addition, enclosed is a duplicate copy of this letter. Please date-stamp the duplicate and return it to me in the enclosed postage-paid envelope.

Should you have any questions concerning this filing, please contact the undersigned.

Very truly yours,

Patrick D. Crocker

PDC/tld

Arizona Corporation Commission

DOCKETED

AUG - 7 2013

DOCKETED BY

nr

**ARIZONA CORPORATION COMMISSION**

**Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunication Services**

Mail original plus 13 copies of completed application to:

For Docket Control Only:  
(Please Stamp Here)

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending in  
Arizona as an Interexchange reseller, AOS provider, or as  
the provider of other telecommunication services.

Type of Service: \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_ Date Docketed: \_\_\_\_\_

Type of Service: \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_ Date Docketed: \_\_\_\_\_

**A. Company and Telecommunications Service Information**

**(A-1)** Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s):

- ☐ Resold Long Distance Telecommunications Services (Answer Sections A, B, C).  
☒ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).  
☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).  
☐ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, D, E).  
☐ Alternative Service Provider Telecommunications Services (Answer Sections A, B).  
☐ Other \_\_\_\_\_ (Please attach complete description)

**(A-2)** The name, address, telephone number (including area code), facsimile number (including area code), email address, and World Wide Web address (if one is available for consumer access) of the Applicant:

BCN TELECOM, INC.  
550 Hills Drive, Suite 110, 1st Floor  
Bedminster, NJ 07921  
Telephone: (908) 470-4700  
Facsimile: (908) 470-4707  
Toll Free Number: (800) 768-2852  
Website: [www.bcntele.com](http://www.bcntele.com)

**(A-3)** The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Not applicable

**(A-4)** The name, address, telephone number (including area code), facsimile number (including area code), and email address of the Applicant's management contact:

Kathleen Gorey, Regulatory Manager  
BCN TELECOM, INC.  
550 Hills Drive, Suite 110, 1st Floor  
Bedminster, NJ 07921  
Telephone: (908) 470-4700  
Facsimile: (908) 470-4707  
Email: [Kgorey@bcntele.com](mailto:Kgorey@bcntele.com)

**(A-5)** The name, address, telephone number (including area code), facsimile number (including area code), and email address of the Applicant's Attorney and/or Consultant:

Patrick D. Crocker  
CROCKER & CROCKER  
107 W Michigan Avenue, 4<sup>th</sup> Floor  
Kalamazoo, MI 49007  
Telephone: (269) 381-8893  
Facsimile: (269) 381-4855  
Email: [patrick@crockerlawfirm.com](mailto:patrick@crockerlawfirm.com)

**(A-6)** The name, address, telephone number (including area code), facsimile number (including area code), and email address of the Applicant's complaint contact person:

Kelly McKinlay, Director of Customer Service  
BCN TELECOM, INC.  
550 Hills Drive, Suite 110, 1st Floor  
Bedminster, NJ 07921  
Telephone: (908) 470-4700  
Facsimile: (908) 470-4707  
Toll Free: (800) 768-2852  
Email: [kmckinlay@bcntele.com](mailto:kmckinlay@bcntele.com)

**(A-7)** What type of legal entity is the applicant? Mark the appropriate box(s) and category.

- ☐ Sole proprietorship
- ☐ Partnership:    ☐ limited       ☐ general       ☐ Arizona       ☐ Foreign
- ☐ Limited liability company    ☐ Arizona       ☐ Foreign
- ☒ Corporation:                    ☐ "S"            ☒ "C"            ☐ non-profit
- ☐ Other, specify: \_\_\_\_\_

**(A-8)** Please include "Attachment A."

Attachment A must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

**(A-9)** Include your Tariff as "Attachment B."

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).  
*Tariff Page(s) No.:*
  
  
  
  
  
  
  
  
  
  
2. Tariff Maximum Rate and prices to be charged (reference by Tariff page number).  
*Tariff Page(s) No.:*
  
  
  
  
  
  
  
  
  
  
3. Terms and Conditions Applicable to provision of service (reference by Tariff page number).  
*Tariff Page(s) No.:*
  
  
  
  
  
  
  
  
  
  
4. Deposits, Advances, and/or Prepayments Applicable to provision of service (reference by Tariff page number).  
*Tariff Page(s) No.:*
  
  
  
  
  
  
  
  
  
  
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).  
*Tariff Page(s) No.:*

**(A-10)** Indicate the geographic market to be served:

- ☒ Statewide (Applicant adopts statewide map of Arizona provided with this application).
- ☐ Other. Describe and provide a detailed map depicting the area.

**(A-11)** Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any State or Federal Regulatory Commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

*Neither Applicant nor any of its officers, directors, partners, or managers is currently involved in any formal or informal complaint proceedings pending before any State or Federal Regulatory Commission, administrative agency, or law enforcement agency.*

**(A-12)** Indicate if the Applicant or any of its officers, directors, partners, or managers has been or is currently involved in any civil or criminal investigations, or had judgment entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

*Neither the Applicant nor any of its officers, directors, partners, or managers has been or is currently involved in any civil or criminal investigations, or had judgment entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years*

**(A-13)** Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☒ Yes

☐ No

**(A-14)** Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐ Yes ☐ No

If "No," continue to question (A-15).

☒ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐ Yes ☒ No

If "No," continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ Yes ☐ No

If "No," continue to question (A-15).

☐ For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☐ Yes ☐ No

If any box in (A-14) is marked "No", continue to (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

**(A-15)** If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

**(A-16)** Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the services will be provided.

*Applicant will publish legal notice prior to authorization*

Note: For Resellers. The Applicant must complete and submit an Affidavit of Public Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

**(A-17)** Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

☐ Yes ☒ No

If "Yes," provide the name of the company or companies whose telecommunications services the Applicant resells:

- (A-18)** List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

*Attached as Attachment C.*

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

- (A-19)** List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

*Attached as Attachment C.*

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

- (A-20)** List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

*Applicant currently has no affiliates providing service in Arizona.*

- (A-21)** Check here is you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☐ Decision #64178      Resold Long Distance
- ☒ Decision #64178      Resold LEC
- ☐ Decision #64178      Facilities-Based Long Distance
- ☐ Decision #64178      Facilities-Based LEC

## B. FINANCIAL INFORMATION

**(B-1)** Indicate if the Applicant has financial statements for the two (2) most recent years.

☒ Yes ☐ No

If "No," explain why and give the date on which the Applicant began operations.

**(B-2)** Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

**(B-3)** Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Not applicable.

**(B-4)** The Applicant must provide the following information:

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per minute.

*Applicant's expected revenue for the next 12 months is approximately \$10,000.00.*

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

*Applicant's expected operating expenses during the first 12 months are approximately \$5,000.00.*

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

*The net book value of all Arizona jurisdictional assets is zero.*

4. If the projected value of all assets is zero, please specifically state this in your response.

*The projected value of all assets is zero.*

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

*The projected fair value is zero.*

**C. RESOLD LONG DISTANCE AND/OR LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

**(C-1)** Indicate if the Applicant has a resale agreement in operation.

☐ Yes ☒ No

If "Yes," please reference the resale agreement by Commission Docket Number of Commission Decision Number.

**D. FACILITIES-BASED LONG DISTANCE AND/OR  
FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

**(D-1)** Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐ Yes ☐ No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona:

**E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

**(E-1)** Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

☒ Yes ☐ No

**(E-2)** Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☒ Yes ☐ No

**(E-3)** Indicate that the Applicant's switch is "full equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒ Yes ☐ No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona State Law including the Arizona Corporation Commission Rules and Regulations. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Richard M Boudria  
(Signature of Authorized Representative)

July 13, 2013  
(Date)

Richard M Boudria  
(Print Name of Authorized Representative)

President  
(Title)

SUBSCRIBED AND SWORN to before me this 13 day of July 2013.

Kathleen Garay  
NOTARY PUBLIC

My Commission Expires November 24, 2013

## **ATTACHMENT A**

**(1) Certificate of Good Standing**

**(2) The Name, Address, and Telephone Number of Each Owner, Officer and/or Director:**

Richard M. Boudria 550 Hills Drive, Suite 110, 1 <sup>st</sup> Floor Bedminster, NJ 07921	President/CEO/Director
---	------------------------

Claudia K. Tiger (same as above)	Secretary
-------------------------------------	-----------

Richard G. Schmeling (same as above)	Treasurer
---	-----------

Richard M. Boudria (same as above)	Director
---------------------------------------	----------

Thomas McCrosson (same as above)	Director
-------------------------------------	----------

**(3) Percentage of Ownership of Each Shareholder Listed in (2):**

Telecom Acquisition Company, LLC 550 Route 202-206, 2 <sup>nd</sup> Floor Bedminster, NJ 07921	100%
--	------

**ATTACHMENT B**

**Proposed Tariffs**

**Tariff No. 2 – Local Exchange Services Tariff**

## **ATTACHMENT C**

### **Authorized States**

*Applicant is currently authorized to provide various forms of telecommunication services throughout the United States with the exception of Alaska.*

**ATTACHMENT D**

**Financial Information**

BCN Telecom Company, Inc. Balance Sheet												
For the Twelve Months Ending December 31, 2012												
	01/31/12	02/29/12	03/31/12	04/30/12	05/31/12	06/30/12	07/31/12	08/31/12	09/30/12	10/31/12	11/30/12	12/31/12
<b>Current Assets</b>												
Cash	(31,702)	(57,245)	(168,998)	(6,328)	(539,750)	(415,715)	(253,072)	59,585	(161,356)	(242,864)	(26,154)	(483,729)
Accounts Receivable	63,141.34	88,592.34	200,253.85	37,482.51	570,822.71	446,695.41	284,560.58	192,861.32	274,177.87	57,778.92	495,307.35	
Allowance for Doubtful Account	4,916,052	4,605,668	4,332,015	31,347	31,072	30,981	31,468	58,585	31,306	31,214	31,622	31,572
Deferred Tax Assets, Current Portion	(207,300)	(227,300)	(217,371)	4,861,091	4,867,354	5,111,223	4,842,155	4,897,996	5,211,352	5,112,192	5,395,084	5,283,754
Prepaid Expenses & Other Current Assets	161,542	161,542	161,542	161,542	161,542	161,542	161,542	161,542	161,542	161,542	161,542	161,542
Due from Related Party (Hills Mgt)	721,048	825,708	915,886	866,665	936,720	984,188	963,428	973,015	888,277	815,219	880,090	824,170
<b>Total Current Assets</b>	<b>5,622,781</b>	<b>5,398,693</b>	<b>5,623,098</b>	<b>5,761,936</b>	<b>5,718,143</b>	<b>5,980,398</b>	<b>5,548,776</b>	<b>5,949,698</b>	<b>6,023,993</b>	<b>5,875,736</b>	<b>6,207,050</b>	<b>5,969,750</b>
<b>Property and Equipment</b>												
Furniture and Fixtures	481,123	481,123	481,123	481,123	481,123	481,123	481,123	481,123	481,123	481,123	481,123	481,123
Leasehold Improvements	76,755	76,755	76,755	76,755	76,755	76,755	76,755	76,755	76,755	76,755	76,755	76,755
Computer Equipment	687,837	684,698	684,698	684,698	684,698	684,698	684,698	684,698	684,698	684,698	684,698	684,698
Software License	95,770	95,770	95,770	95,770	95,770	95,770	95,770	95,770	95,770	95,770	95,770	95,770
Customer Phone Equipment	16,359	16,359	16,359	17,085	17,085	18,639	28,251	44,770	46,576	50,102	55,140	63,011
Accum. Depreciation - Furniture	(349,641)	(352,813)	(355,955)	(359,027)	(362,214)	(365,332)	(368,449)	(371,567)	(374,684)	(377,802)	(380,920)	(384,037)
Accum. Depreciation - Leasehold Improvement	(62,574)	(62,574)	(62,574)	(63,343)	(63,727)	(64,112)	(64,496)	(64,881)	(65,265)	(65,650)	(66,034)	(66,418)
Accum. Depreciation - Comp. Eq	(635,887)	(639,832)	(643,553)	(647,311)	(651,070)	(654,829)	(658,587)	(662,345)	(666,103)	(669,861)	(673,619)	(677,377)
Accum. Depreciation - Software	(81,047)	(81,585)	(82,324)	(82,963)	(83,602)	(84,241)	(84,880)	(85,519)	(86,158)	(86,797)	(87,436)	(88,075)
Accum. Depreciation - Customer Phone Equipment	(1,531)	(1,834)	(2,144)	(2,457)	(2,766)	(3,082)	(3,392)	(3,702)	(4,012)	(4,322)	(4,632)	(4,942)
<b>Total Property and Equipment</b>	<b>227,165</b>	<b>225,678</b>	<b>217,914</b>	<b>211,293</b>	<b>204,567</b>	<b>205,607</b>	<b>213,477</b>	<b>207,871</b>	<b>202,664</b>	<b>201,686</b>	<b>198,186</b>	<b>197,407</b>
<b>Non-Current Assets</b>												
Security Deposits	30,326	30,326	30,326	30,326	30,326	30,326	30,326	30,326	30,326	30,326	30,326	30,326
Deferred Tax Assets, Net of Current Portion	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848	1,414,848
Due from Related Party (TAC)	340,289	342,289	349,289	350,889	350,889	350,889	359,152	359,152	359,152	359,152	359,152	359,152
Intangible Assets, Net	2,294,174	2,295,891	2,314,829	2,273,768	2,232,707	2,191,646	2,150,584	2,109,523	2,068,462	2,027,400	1,986,339	1,945,278
Other Long Term Assets	112,366	125,569	123,291	198,807	189,769	180,730	171,692	162,654	153,616	144,578	135,540	126,500
Florida Rent Abatement												
<b>Total Non-Current Assets</b>	<b>4,192,003</b>	<b>4,169,162</b>	<b>4,232,583</b>	<b>4,272,638</b>	<b>4,222,538</b>	<b>4,172,439</b>	<b>4,130,693</b>	<b>4,083,253</b>	<b>4,033,154</b>	<b>3,983,054</b>	<b>3,933,256</b>	<b>3,883,254</b>
<b>Total Assets</b>	<b>10,041,948</b>	<b>9,791,804</b>	<b>10,273,594</b>	<b>10,245,868</b>	<b>10,145,248</b>	<b>10,357,434</b>	<b>9,880,856</b>	<b>10,140,923</b>	<b>10,256,811</b>	<b>10,060,480</b>	<b>10,368,494</b>	<b>10,126,391</b>
<b>Current Liabilities</b>												
Note Payable to Bank	504,000	504,000	529,333	487,333	445,333	403,333	361,333	319,333	277,333	235,333	333,333	333,333
Accounts Payable	4,125,470	4,019,655	4,295,887	4,129,978	4,556,929	4,596,969	3,968,834	4,215,566	4,609,202	4,724,863	4,680,129	4,867,842
Other Current Payables	20,189	46,167	54,597	71,585	(66,276)	(30,331)	(7,473)	26,987	36,857	(4,863)	(5,935)	9,321
Sales & Excise Tax Payable	209,007	238,780	133,316	145,798	157,258	169,134	174,038	192,273	216,899	230,306	284,815	278,695
Income Taxes Payable	(117)				(5,000)							
Deferred Revenue - Internet	44,531	43,015	42,634	42,833	42,336	41,310	39,197	36,732	35,884	35,479	33,206	32,947
<b>Total Current Liabilities</b>	<b>4,903,080</b>	<b>4,851,617</b>	<b>5,065,769</b>	<b>4,877,526</b>	<b>5,130,581</b>	<b>5,179,415</b>	<b>4,535,929</b>	<b>4,750,891</b>	<b>5,176,175</b>	<b>5,191,088</b>	<b>5,285,646</b>	<b>5,522,138</b>
<b>Long-Term Liabilities</b>												
Note Payable to Bank - Revolver	76,000	34,000	66,667	66,667	62,500	58,333	54,167	50,000	45,833	41,667	66,667	66,667
Note Payable to Bank - Revolver	2,618,948	2,415,715	2,618,522	2,751,165	2,419,716	2,609,120	2,792,723	2,833,911	2,554,118	2,408,356	3,133,080	2,857,881
Note Payable to Related Party	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667
<b>Total Long-Term Liabilities</b>	<b>2,861,615</b>	<b>2,616,382</b>	<b>2,851,856</b>	<b>2,984,499</b>	<b>2,647,883</b>	<b>2,834,121</b>	<b>3,013,557</b>	<b>3,050,578</b>	<b>2,766,618</b>	<b>2,616,690</b>	<b>3,966,413</b>	<b>3,891,015</b>
<b>Total Liabilities</b>	<b>7,764,695</b>	<b>7,468,000</b>	<b>7,917,625</b>	<b>7,862,025</b>	<b>7,778,464</b>	<b>8,013,536</b>	<b>7,549,486</b>	<b>7,801,469</b>	<b>7,942,793</b>	<b>7,807,778</b>	<b>9,252,061</b>	<b>9,413,153</b>
<b>Stockholder's Equity</b>												
Paid-in Capital	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770	4,311,770
Retained Earnings	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)	(2,035,746)
Net Income YTD	1,229	89,945	107,817	90,781	77,874	70,468	69,719	54,894	(10,704)	(333,144)	(585,245)	(585,245)
<b>Total Capital</b>	<b>2,277,253</b>	<b>2,323,805</b>	<b>2,385,841</b>	<b>2,386,805</b>	<b>2,353,898</b>	<b>2,347,500</b>	<b>2,341,370</b>	<b>2,339,934</b>	<b>2,265,320</b>	<b>2,282,701</b>	<b>1,118,422</b>	<b>913,236</b>
<b>Total Liabilities &amp; Capital</b>	<b>10,041,948</b>	<b>9,791,804</b>	<b>10,273,594</b>	<b>10,245,868</b>	<b>10,145,248</b>	<b>10,357,434</b>	<b>9,880,856</b>	<b>10,140,923</b>	<b>10,256,811</b>	<b>10,060,480</b>	<b>10,368,494</b>	<b>10,126,391</b>

<b>BCN Telecom Company, Inc.</b>		
<b>Income Statement</b>		
<b>For the Twelve Months Ending December 31, 2012</b>		
	<b>Actual</b>	
	<b>YTD</b>	
<b>Total Revenue</b>	<b>32,757,503</b>	
Total Cost of Goods Sold	19,494,811	
<b>Gross Margin</b>	<b>13,262,692</b>	
<b>Operating Expenses</b>		
Commissions Expense	4,794,107	
<b>Net Margin</b>	<b>8,468,585</b>	
Payroll Expense	4,596,903	
<b>General and Admin Exp</b>	<b>3,341,555</b>	
Bad Debt Expense	290,675	
Total Operating Expense	13,023,240	
<b>EBITDA</b>	<b>239,452</b>	
Depreciation & Amortization	589,395	
<b>Operating Income</b>	<b>(349,943)</b>	
<b>Other Income (Expense)</b>		
Other Revenue	192	
Interest Expense	296,803	
Income Before Income Taxes	(646,554)	
Income Tax Provision	( 61,309 )	
<b>Net Income</b>	<b>(585,245)</b>	

**BCN Telecom Company, Inc.**  
**Balance Sheet**  
**For the Twelve Months Ending December 31, 2011**

**ASSETS**

<b>Current Assets</b>	
Cash	31,531
Accounts Receivable	5,140,066
Allowance for Doubtful Account	( 182,300 )
Deferred Tax Asset, Current Portion	245,000
Prepaid Expenses & Other Current Assets	534,522
Due from Related Party (Lambeau Telecom)	( 0 )
<b>Total Current Assets</b>	<b>5,768,818</b>

<b>Property and Equipment</b>	
Furniture and Fixtures	481,123
Leasehold Improvements	76,755
Computer Equipment	684,974
Software License	95,770
Customer Phone Equipment	12,420
Accum. Depreciation - Furniture	( 346,115 )
Accum. Depreciation - Leasehold Improvement	( 62,190 )
Accum. Depreciation - Comp. Eq	( 632,128 )
Accum. Depreciation - Software	( 80,408 )
Accum. Depreciation - Customer Phone Equipment	( 1,234 )
<b>Total Property and Equipment</b>	<b>228,970</b>

<b>NonCurrent Assets</b>	
Security Deposits	30,326
Deferred Tax Asset, Net of Current Portion	1,770,000
Due from Related Party (TAC)	340,289
Intangible Asset, Net	2,332,458
Other Long Term Assets	120,153
Investment In Lambeau Telecom	-
<b>Total NonCurrent Assets</b>	<b>4,593,225</b>

<b>Total Assets</b>	<b>10,591,013</b>
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**LIABILITIES AND CAPITAL**

<b>Current Liabilities</b>	
Note Payable to Bank	504,000
Note Payable to Bank - Revolver	-
Note Payable to Related Party	-
Accounts Payable	4,206,874
Other Current Payables	11,918
Sales & Excise Tax Payable	217,085
Income Taxes Payable	-
Deferred Revenue - Internet	44,307
<b>Total Current Liabilities</b>	<b>4,984,184</b>

<b>Long-Term Liabilities</b>	
Note Payable to Bank	118,000
Note Payable to Bank - Revolver	2,793,572
Note Payable to Related Party	166,667
Interest Payable - MCG	-

<b>Total Long-Term Liabilities</b>	<b>3,078,239</b>
<b>Total Liabilities</b>	<b>8,062,423</b>

<b>Stockholder's Equity</b>	
Paid-in-Capital	4,311,770
Retained Earnings	( 2,800,780 )
Net Income YTD	1,017,600
<b>Total Capital</b>	<b>2,528,590</b>

<b>Total Liabilities &amp; Capital</b>	<b>10,591,013</b>
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**BCN Telecom Company, Inc.**  
**Income Statement**  
**For the Twelve Months Ending December 31, 2011**

	<u>Actual YTD</u>
<b>Total Revenue</b>	<b>34,265,686</b>
Total Cost of Goods Sold	20,483,422
<b>Gross Margin</b>	<b><u>13,782,264</u></b>
<b>Operating Expenses</b>	
Commissions Expense	4,921,004
<b>Net Margin</b>	<b><u>8,861,261</u></b>
Payroll Expense	4,338,517
<b>General and Admin Exp</b>	<b><u>2,864,729</u></b>
Bad Debt Expense	295,000
Total Operating Expense	12,419,250
<b>EBITDA</b>	<b><u>1,363,015</u></b>
Depreciation & Amortization	594,310
<b>Operating Income</b>	<b>768,704</b>
<b>Other Income (Expense)</b>	
Other Revenue	678,540
Interest Expense	337,875
Income Before Income Taxes	1,109,370
Income Tax Provision	91,769
<b>Net Income</b>	<b><u><u>1,017,600</u></u></b>